

Message Text

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PAGE 01 ANKARA 01755 081448Z
ACTION EUR-12

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AMCONSUL IZMIR

C O N F I D E N T I A L ANKARA 1755

E.O. 11652: GDS
TAGS: EFIN, TU, PINT
SUBJECT: POLITICAL EFFECTS OF AUSTERITY MEASURES

1. THE ECONOMIC REFORM MEASURES ANNOUNCED BY THE ECEVIT GOVERNMENT LAST WEEK HAVE HAD THE IMMEDIATE POLITICAL EFFECT OF PROVIDING OPPOSITION SPOKESMEN WITH AMMUNITION FOR THEIR CONTINUING ATTACK ON THE GOVERNMENT. THE OPPOSITION PRESS IS ATTEMPTING TO PORTRAY THE GOVERNMENT AS HAVING LET THESE ACTIONS BE FORCED UPON TURKEY BY OUTSIDE POWERS, PARTICULARLY THE IMF, AND HAS PREDICTED THAT THE MEASURES WILL WORSEN RATHER THAN IMPROVE THE ECONOMIC SITUATION. FORMER PRIME MINISTER DEMIREL HAS JOINED IN THE ATTACK ON THE ECEVIT GOVERNMENT, ZEROING-IN ON THE SUPPOSED EFFECTS THE MEASURES WILL HAVE ON TURKEY'S MASSES. TYPICAL OF DEMIREL'S CRITICAL COMMENTS IS THE FOLLOWING WHICH APPEARED AS A HEADLINE IN OPPOSITION JOURNAL TERCUMAN: "THEY TALK ABOUT TIGHTENING BELTS. MANY OF MY COUNTRYMEN DON'T EVEN HAVE BELTS."

2. THE EFFECTIVENESS OF THE OPPOSITION'S EFFORTS TO UNDERMIND
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PAGE 02 ANKARA 01755 081448Z

THE ECEVIT GOVERNMENT WILL DEPEND ON MANY FACTORS. CERTAINLY AUSTERITY MEASURES ARE NEVER POPULAR; HOWEVER, THERE ARE FACTORS IN THE PRESENT SITUATION WHICH MIGHT TEND TO AMELIORATE THE NEGATIVE POLITICAL EFFECTS OF THE GOVERNMENT'S ACTIONS:

A. THE MEASURES WERE WIDELY EXPECTED AND CONSIDERED INEVITABLE. ALTHOUGH THERE HAD BEEN SOME BRIEF TALK ABOUT NO

DEVALUATION, EVEN THE MAN-ON-THE STREET HAD FULLY EXPECTED IT. SOME OF THE POLITICAL COSTS HAD BEEN DISCOUNTED BY THE TIME THE MEASURES WERE ANNOUNCED.

B. IN ANNOUNCING THE MEASURES, THE GOVERNMENT RESORTED TO DEMAGOGIC RHETORIC DESIGNED TO APPEAL TO MIDDLE AND LOWER INCOME EARNERS. FOREIGNERS, FOREIGN COMPANIES, AND THE EVER-POPULAR SCAPEGOAT, THE MIDDLEMAN, WERE PICTURED AS THE PRIMARY TARGETS OF THE REFORM MEASURES. THE PRO-GOVERNMENT PRESS HAS ALSO BEEN BRIEFED FULLY AND IS PRINTING STORIES ON GOVERNMENT PLANS FOR A TAX REFORM WHICH WILL ABOLISH INCOME TAXES FOR MINIMUM WAGE EARNERS AND INCREASE TAXES ON HIGHER INCOME EARNERS.

C. A SUBSTANTIAL PORTION OF TURKEY'S POPULATION IS NOT FULLY INTEGRATED INTO THE MONEY ECONOMY AND IS THEREFORE NOT DIRECTLY OR IMMEDIATELY AFFECTED BY THE MEASURES.

D. TURKISH SOCIETY APPEARS TO HAVE A HIGH LEVEL OF TOLERANCE FOR DISCOMFORT. TRADITIONALLY, THE TURKISH PEOPLE DO NOT REACT EMOTIONALLY OR VIOLENTLY TO DEPRIVATIONS, ALTHOUGH THIS MAY BE LESS TRUE AS URBANIZATION CONTINUES ITS FURIOUS PACE.

3. IN SUM, THE DECISION OF THE ECEVIT GOVERNMENT TO TAKE THESE MEASURES AT THIS TIME WAS A COURAGEOUS ONE. LEAVING ASIDE THE CAPACITY OF THESE MEASURES TO RESOLVE TURKEY'S ECONOMIC PROBLEMS, THEY HAVE BROUGHT HOME TO TURKS THE SEVERITY OF THE PROBLEM. JUST AS THE INITIAL REACTION OF THE

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PAGE 03 ANKARA 01755 081448Z

OPPOSITION HAS BEEN TO STEP UP ITS ATTACK ON ECEVIT AND HIS GOVERNMENT, THE INITIAL REACTION OF HIS PARTISANS HAS BEEN TO RALLY TO HIS SUPPORT. SINCE MOST OF THE PRESS IS SYMPATHETIC TO ECEVIT, HE WILL HAVE A BREATHING SPELL BEFORE SIGNIFICANT SEGMENTS OF PUBLIC OPINION CAN BE MARSHALLED AGAINST HIM. HOWEVER, IF ECONOMIC CONDITIONS DO NOT BEGIN TO SHOW SOME IMPROVEMENT AS A RESULT OF THESE MEASURES OR IF THERE IS NO OFFSETTING POLITICAL SUCCESS (OR EVEN A FAILURE WHICH COULD SERVE AS THE NATIONALISTIC RALLYING POINT) WITHIN THE NEXT FEW MONTHS, ECEVIT COULD FACE SERIOUS POLITICAL PROBLEMS BOTH FROM WITHIN HIS PARTY AND FROM AMONG THE INDEPENDENT MINISTERS WHO HAVE HELPED TO FORM THE GOVERNMENT.

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